



Director of  
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## POLAND: Walesa's Attitudes

*Former Solidarity leader Lech Walesa seemed optimistic last week during his first private conversation with US Embassy officers since martial law was imposed in December 1981.* [redacted]

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Walesa said that, although Poles are dissatisfied with their economic conditions, he does not expect significant trouble in the near future. He believes that the most dangerous time could come in early May, when Poles commemorate Constitution Day and perhaps also the major demonstrations of last year. [redacted]

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The former union chief, who appeared relaxed and self-confident, said he will postpone his visit to the US to help preserve calm and ensure that the Pope can travel to Poland in early June as scheduled. He expects the government to end martial law by then and to release some of the people imprisoned for martial law offenses. [redacted]

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In addition, Walesa said he might consider participating in the government's mass political movement or the new trade unions, but only if the organizations became more democratic. He believes that the unions may better be able to represent workers' interests after January 1984, when regional union organizations will be allowed. [redacted]

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Comment: Walesa still seems to be groping for a way to influence events, but he clearly does not now want to provoke the authorities. [redacted]

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[redacted] he remains an "idealist" who sees himself as having an important role in Poland's future. The regime continues to act as if it does not want Walesa's help, and he would be totally discredited if he accepted any official position. [redacted]

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## SPAIN: Proposed Military Reorganization

*The extensive military reforms being considered by the government could strain relations with military leaders if they conclude they are not being consulted.*

Minister of Defense Serra last week outlined a far-reaching reform program to the parliament's defense committee. By limiting conscription, the proposed legislation would gradually reduce the size of the Army from 250,000 men to about 160,000. It would cut the officer corps by 25 percent over five years through early retirements and the expansion of the active reserve.

The plan would consolidate the nine existing military districts into six and would reduce the number of military units stationed near Madrid. The government also intends to make merit rather than seniority the key factor in promotions, to reform the military code of justice, and to strengthen military intelligence.

Comment: The proposals are designed to produce a smaller, better equipped, and more professional fighting force. They appear to be adapted from an Army staff plan for modernizing the military and facilitating Spanish cooperation with NATO.

The plan could have serious political ramifications. The officer corps is highly sensitive to any interference by the government in what the military regards as its internal affairs, and it has shown little enthusiasm for reform.

If the military came to regard the plan as a Socialist initiative forced upon it without prior consultation and consent, relations with the government could rapidly deteriorate. Thus far, however, there is no evidence of significant military discontent in this regard.

Serra is unlikely to have devised such an ambitious plan so quickly without at least the tacit approval of the defense establishment. The Minister has tried to minimize partisan politics in defense policy debates, and he handled issues relating to the abortive coup of 23 February 1981 judiciously. He appears to have a clear understanding of military sensitivities.

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## PAKISTAN: Antinarcotics Efforts

[redacted] increased efforts by the government to combat the narcotics trade in the North-West Frontier will not achieve quick results.

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[redacted] customs searches at roadblocks have become more thorough, and government forces are continuing attempts to locate and destroy clandestine heroin laboratories. Tribal leaders blame US pressure for these actions, which have resulted in several deaths and caused tensions between the government and the militant tribes. [redacted]

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Comment: The operations suggest that the government's primary tactic of looking to tribal leaders to abolish drug trafficking in their areas is not succeeding. In addition, the government will face further difficulties as narcotics processors reestablish laboratories in more remote tribal areas. Islamabad will have to balance its decision to pursue traffickers into these areas with the risk of upsetting the tribesmen, whose good will is needed to sustain the resistance in Afghanistan. [redacted]

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## NICARAGUA-HONDURAS: Political Maneuvering

Nicaragua, citing its Foreign Minister's absence and the continuing attacks by anti-Sandinista guerrillas, has rejected the Honduran offer to inspect the border area for alleged guerrilla bases. [redacted]

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Comment: The proposal appears designed to deflect international criticism of support by Honduras for the anti-Sandinistas and its concern that the coming papal visit will focus additional attention on the troubled border. Although the Nicaraguans will continue to charge that Honduras and the US are aiding the insurgents, their rejection of the proposal could enable Tequicigalpa to seize the propaganda initiative. [redacted]

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## ITALY: Communist Party Congress Opens

Communist Party leaders hope that the 16th Party Congress, which opens tomorrow, will bring an end to the internal strife caused by the party's condemnation last year of the USSR's interference in Poland. Party chief Berlinguer and his inner circle believe that pro-Soviet party leader Cossutta's criticisms of their policies toward Moscow, labor, and the economy have been blunted and that the congress will proceed without serious incident. A recent public opinion poll published by a left-leaning magazine shows that Berlinguer remains the party's most popular leader. Moreover, the party chief reportedly has moved to strengthen his position at the national level, and he also can rely on the support of an overwhelming number of the party's regional and local leaders.

[redacted]

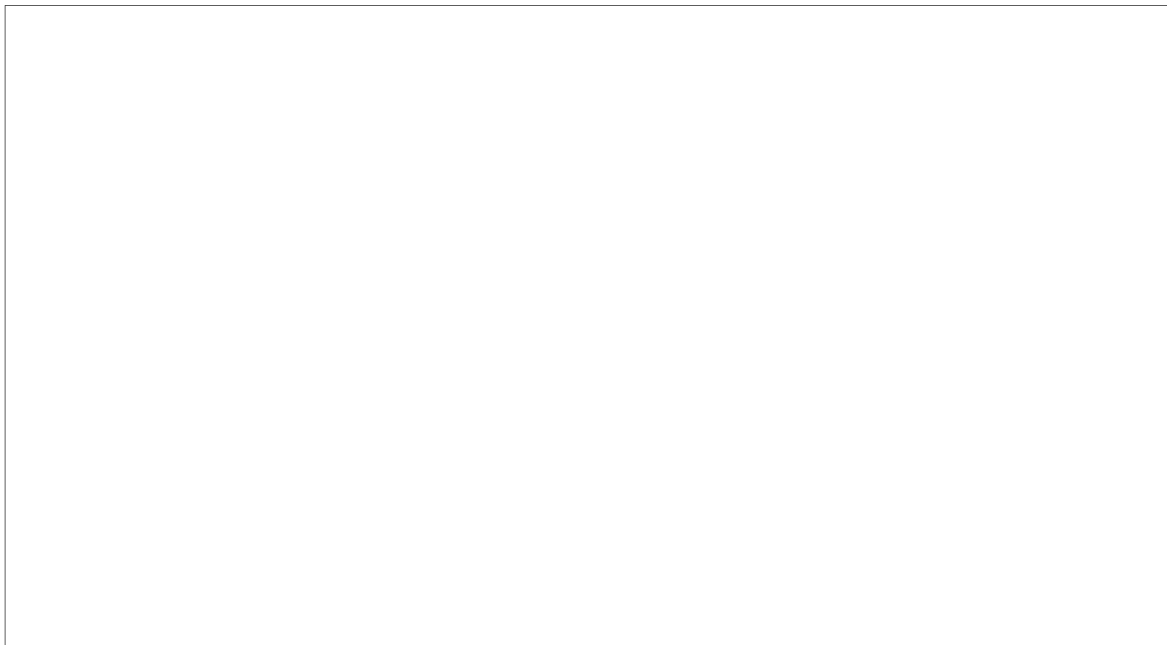
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Comment: The congress will offer Berlinguer a chance to make changes in the leadership. Cossutta is expected to lose his position as head of the Central Committee's office for regional and local government affairs, but it is still unclear whether he will be retained as a member of the party's Directorate. In any event, the party will remain firmly in the hands of Berlinguer and his allies, which will limit prospects for Soviet trouble-making.

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## Special Analysis

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### WESTERN EUROPE: Evolving Views on INF

*Virtually all West European leaders have welcomed recent US statements of willingness to consider alternative INF negotiating outcomes while retaining the zero option as the ultimate goal.*

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Allied leaders believe that the statements have made INF less of an issue in the election in West Germany on Sunday. [REDACTED]

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[REDACTED]

### Continuing Allied Doubts

Despite the signs of US flexibility, some West European officials are still worried about the battle for public opinion. The Danish, Canadian, and Greek representatives at NATO's Special Consultative Group meeting last month said that, because the US has not gone beyond indicating a willingness to consider Soviet offers, Moscow still has the initiative. [REDACTED]

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Senior British officials want the US to begin developing a new proposal and then to coordinate it within the Special Consultative Group. They believe that the

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proposal could then be put forward at the current INF negotiating round, which is likely to end late this month. Italian and West German officials almost certainly share these views. [redacted]

[redacted]

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#### Expectations About an Interim Agreement

Many Allied officials are concerned that Soviet insistence on including British and French missiles in an INF agreement is the biggest obstacle to progress in the negotiations. [redacted]

[redacted]

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The Allies probably do not expect progress at Geneva until Moscow is more certain that deployment will proceed on schedule. They believe, however, that the negotiating round beginning in late May offers the last real chance to obtain an accord before basing begins. [redacted]

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## Special Analysis

### FRANCE: Preview of Municipal Elections

*Nationwide municipal elections on 6 and 13 March are shaping up as a referendum on the performance of President Mitterrand's government. The results will help determine the government's future domestic policies and could produce a clash between Mitterrand and his uneasy Communist allies. Even a serious defeat for the left, however, would not lead Mitterrand to dissolve the National Assembly--where the Socialists enjoy an absolute majority--and call a new legislative election.* [redacted]

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Mayoral and city council posts in some 36,000 cities and villages are at stake in the voting. Political parties and the media are focusing attention on the 232 largest cities, of which--owing to unprecedented leftist gains in the last elections in 1977--81 have Socialist mayors, 74 are controlled by the Communists, and four are administered by the Left Radicals. On the opposition side, the Giscardians control 34 city halls versus 20 for the Gaullists and 19 for independent centrists.

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Socialist policies aimed at transferring some administrative responsibilities from the central government to local authorities have spurred the major parties to devote considerable time and money to the campaign. An additional incentive has been the shift under the Socialists toward proportional representation at the municipal level. This ensures for the first time that the losing side will gain at least a foothold in most city councils.

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### Issues and Strategy

Local personalities and issues--especially law and order--traditionally play a central role in municipal campaigns. To counter the advantages of leftist incumbents, many of whom enjoy a good reputation as local administrators, the opposition center-right parties are trying to turn the voters' attention to Mitterrand's economic policies. [redacted]

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Gaullist leader Chirac, former President Giscard, and former Prime Minister Barre, for example, are charging that the government's nationalization of key industrial firms and most remaining private banks and its early emphasis on expansionary policies have undermined investor confidence, seriously weakened the franc, and increased unemployment. Opposition spokesmen are urging voters to cast a "no-confidence vote" against Socialist policies. [redacted]

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Giscard also has suggested that Mitterrand should call a new legislative election if the left is "rejected." Meanwhile, opposition leaders have agreed to back common candidates in all but five major cities. [redacted]

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### Problems for the Left

The Socialists and the Communists are responding to what they describe as the opposition's "politicizing" of the campaign by touting the government's accomplishments. Prime Minister Mauroy recently claimed, for example, that the government had stabilized unemployment, brought the inflation rate below 10 percent, and achieved a 1.5-percent growth rate for 1982. At the same time, the Socialists argue that excessive emphasis on national themes is inappropriate in municipal elections. [redacted]

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The Socialist-Communist electoral alliance, however, appears shaky. Although the parties agreed in December to field common candidates in all but 10 major cities, press reports say that continuing differences between them at the local level could increase the number of competing leftist candidacies--perhaps to 15 or more. Given the past reluctance of many Socialists to back Communist candidates and the signs of continuing decline in the size of the Communist electorate, the stage appears set for an overall setback for the left. [redacted]

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### Outlook

The opposition's momentum apparently has slowed in recent weeks, partly because its questioning of the government's "legitimacy" has caused a voter backlash. The

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government also has helped leftist candidates by postponing an expected decision to impose new restrictive measures until after the election. [redacted]

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Scattered polling nevertheless indicates that combined leftist losses probably will be higher than the 10 to 15 cities conceded by Socialist Party leader Jospin. The left's loss of as many as 30 to 40 cities, however, would not lead Mitterrand to call a new legislative election. In 1977 Giscard rejected calls for such a move following the left's gains. [redacted]

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Even so, the results could influence Mitterrand's willingness to push economic austerity measures. Heavy Socialist losses, combined with minor Communist losses, would put considerable pressure on Mitterrand from Socialist ranks to hold to a minimum any new restrictive measures, or perhaps to ease those already in place. If the Communists bear the brunt of a leftist defeat, as seems more likely, Mitterrand probably will feel free to impose more stringent measures. [redacted]

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A serious leftist defeat in which Communist losses were particularly high also could lead to an open crisis in the government coalition. The Communists probably would argue for a return to more "authentically socialist" policies--an argument Mitterrand would be likely to reject. A poor showing would rekindle debate among Communists over the wisdom of participation in a government that--in the eyes of some party officials and rank-and-file activists--has imposed austerity on the workers while offering "gifts" to big business. [redacted]

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